

## **Exhibit B**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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AUTOMOBILE CLUB OF NEW YORK INC.  
d/b/a AAA NEW YORK and AAA NORTH  
JERSEY, INC.

Plaintiffs,

-against-

Case No.  
11-CV-6746 (RKE)

THE PORT AUTHORITY OF NEW YORK  
AND NEW JERSEY,

Defendant.

-----X

October 3, 2012

9:37 a.m.

370 Lexington Avenue

New York, New York

Deposition of THE PORT AUTHORITY OF  
NEW YORK AND NEW JERSEY, the Defendant herein,  
by ROSEMARY CHIRICOLO, taken by the  
Plaintiffs, pursuant to Article 31 of the  
Civil Practice Law and Rules of Testimony, and  
Notice, held at the above-mentioned time and  
place, before Kristi Cruz, a Notary Public of  
the State of New York.

A P P E A R A N C E S:

FARRELL FRITZ, P.C.  
Attorneys for Plaintiffs  
370 Lexington Avenue, Suite 800  
New York, New York 10017

BY: KEVIN P. MULRY, ESQ.

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Attorneys for Defendant  
200 Park Avenue  
New York, New York 10166-0193

BY: ALEXANDER H. SOUTHWELL, ESQ.  
-and-  
KIMBERLY A. YUHAS, ESQ.

ALSO PRESENT:

MARTA GENOVESE, ESQ., In-House  
Counsel and Vice President, AAA New  
York

KATHLEEN GILL MILLER, ESQ., In-House  
Counsel for The Port Authority of New  
York and New Jersey

1 R. CHIRICOLO

2 A I wouldn't characterize it as a  
3 ten-year plan each year. I would characterize  
4 it as we have a capital plan, and within that  
5 capital plan there are projects that are  
6 projected to have spending over a period of  
7 time, and we look at the ten-year increment of  
8 that plan.

9 Q Are you familiar with a ten-year  
10 capital plan that was developed in 2011?

11 A Yes.

12 Q When was a ten-year capital plan  
13 developed previous, prior to that, prior to  
14 2011?

15 A Prior to 2011 there was a ten-year  
16 capital plan that was prepared in 2006, and  
17 then it was updated in 2007.

18 Q From 2007 to 2011, was The Port  
19 Authority working off of the 2007 capital  
20 plan?

21 A Yes.

22 Q So in, for example, 2008, 2009,  
23 2010, is it correct that new ten-year plans  
24 were not developed?

25 A During those times, there could be

1 R. CHIRICOLO

2 new projects that were added to the plan for  
3 purposes that they were projects that needed  
4 to get done. We did not formulate a new  
5 ten-year period during that time.

6 Q Would it be correct to  
7 characterize it that between 2007 and 2011, a  
8 new ten-year capital plan was not developed,  
9 but the ten-year capital plan developed in  
10 2007 was amended or revised based on your  
11 planning analysis?

12 A I wouldn't say it was amended.  
13 There were projects that were added to the  
14 plan, if it was appropriate and there was  
15 need.

16 Q Or projects --

17 A Projects completed.

18 Q How does The Port Authority  
19 develop a 10 year capital plan? And for this  
20 question I'm talking about the type of plan  
21 that was developed in 2007 or 2011.

22 A Capital plan development begins  
23 with an assessment by our lines of businesses  
24 in conjunction with our engineering department  
25 of projects and assets that are in need of

1 R. CHIRICOLA

2 Q When are capital plans approved by  
3 the board of commissioners of The Port  
4 Authority?

5 A The last time we had a capital  
6 plan approved was in 2007. That was an update  
7 to the plan that was approved the previous  
8 year. Each year since, we have proven annual  
9 capital budget, which is the annual spending  
10 from the projects that are included in that  
11 plan and any added starters, and we have not  
12 had a capital plan approved since then.

13 Q Since 2007?

14 A Yes.

15 Q Is it correct that since 2007 the  
16 board of commissioners has approved an annual  
17 budget -- withdrawn. I think your answer  
18 prior was we approve an annual budget. Does  
19 we refer to Port Authority management, the  
20 board of commissioners, or somebody else?

21 A The board of commissioners  
22 approves an annual budget. Part of that  
23 annual budget are the capital expenditure that  
24 are planned to be spent in the subsequent  
25 year.

1 R. CHIRICOLA

2 Q So is it correct that the capital  
3 expenditures for each year are included in the  
4 budget, along with many other things?

5 A Yes.

6 Q Who within Port Authority  
7 management decides whether a capital plan is  
8 going to be presented to the board of  
9 commissioners for approval?

10 MR. SOUTHWELL: Objection  
11 to form.

12 If you know.

13 A I don't know.

14 Q Was a ten-year capital plan  
15 developed in 2011 for The Port Authority?

16 A We began developing a new ten-year  
17 plan in 2011.

18 Q Has that process been completed?

19 A Completed meaning what?

20 Q In 2011 you began the process for  
21 developing a new ten-year capital plan; is  
22 that correct?

23 A Yes.

24 Q Has that process been completed?

25 A We prepared a preliminary capital

1 R. CHIRICOLA

2 plan that covered the period 2011 through  
3 2020. That plan was not approved by the  
4 board. The annual expenditures were approved  
5 from that plan.

6 Q When you say the preliminary  
7 capital plan for 2011 to 2020 was not approved  
8 by the board, was the 2011 to 2020 preliminary  
9 capital plan presented to the board of  
10 commissioners?

11 A I don't know.

12 Q Do you know if the preliminary  
13 capital plan for 2011 to 2020 was disapproved  
14 by the board of commissioners?

15 A No, it was not disapproved.

16 Q Who within The Port Authority  
17 would know whether the preliminary capital  
18 plan for 2011 to 2020 was presented to the  
19 board of commissioners?

20 A I don't know who would know.

21 Q So is it correct that the current  
22 capital plan for The Port Authority, the most  
23 current capital plan for The Port Authority  
24 that has been approved by the board of  
25 commissioners is the capital plan from 2007?



1 R. CHIRICOLO

2 A Yes.

3 Q In developing a ten-year capital  
4 plan, does The Port Authority keep statistics  
5 on how much of a ten-year capital plan can be  
6 expected to be a reliable forecast of what  
7 will happen over the next ten years?

8 MR. SOUTHWELL: I'm going  
9 to object to the form to the  
10 extent it calls for speculation  
11 about anything else that goes on  
12 beyond this witness' knowledge.

13 A My department maintains the  
14 long-range financial forecast, and part of  
15 that forecast are projections related to  
16 capital spending.

17 Q In your experience as 12 years in  
18 your current position, what has been your  
19 experience concerning how reliable a  
20 projection of capital spending going out ten  
21 years has been?

22 A I'm not sure what you mean by  
23 reliable, but I can explain what we do.

24 Q What do you do with respect to the  
25 area of that question?

1 R. CHIRICOLO  
2 of The Port Authority financial records, could  
3 The Port Authority break those out, those  
4 revenues out for each separate line  
5 department?

6 A They're tracked by each line  
7 department when the revenues are received.

8 Q For example, 2009, just to take a  
9 year, could The Port Authority, based on its  
10 financial records, say what were the total ITN  
11 revenues for 2009?

12 A We can say what the revenues were  
13 received in a given year.

14 Q And you can do that for each line  
15 department; isn't that correct?

16 A We can do that for each facility.

17 Q How does The Port Authority  
18 maintain financial records with respect to  
19 expenditures by each line department?

20 A Expenditures are budgeted and then  
21 recorded at the facility or the program where  
22 those expenditures are incurred.

23 Q Based on your understanding of  
24 Port Authority financials, would Port  
25 Authority be able to take ITN revenues for a

1 R. CHIRICOLA

2 given year and follow those revenues to see  
3 how they were spent within The Port Authority?

4 MR. SOUTHWELL: Objection  
5 to form.

6 You could answer if you  
7 understand.

8 A We don't budget in that manner; we  
9 don't report in that manner.

10 Q Even though Port Authority doesn't  
11 budget or report in that manner, based on your  
12 understanding of the financial records and how  
13 they're kept, would someone be able to  
14 construct that?

15 A Construct --

16 Q Look at the ITN revenue for a  
17 given year, say 2009, and follow those  
18 revenues to see how they were spent? For  
19 example, X amount went to operating expenses,  
20 X amount went to capital expenditures, X  
21 amount went to bond service or debt service.  
22 Would someone be able to do that?

23 A We can prepare an analysis like  
24 that, but we cannot track those revenues  
25 through our budget or through our systems in

1 R. CHIRICOLO

2 that manner.

3 Q To your knowledge, has an analysis  
4 like that ever been done by The Port Authority  
5 for one of the line departments?

6 A We have done analyses like that.

7 Q When have you done analyses like  
8 that?

9 A We did an analysis like that for  
10 Michael Fabiano's affidavit.

11 Q Was that the affidavit in this  
12 case?

13 A Yes.

14 Q Other than that analysis, to your  
15 knowledge, has Port Authority ever done an  
16 analysis like that on any other occasion?

17 A We reviewed Navigant's analysis,  
18 which was similar.

19 Q Was that based on the Phase I or  
20 Phase II report of Navigant?

21 A The Phase II report.

22 Q Prior to the toll increase in  
23 2011, had the type of analysis we've been  
24 discussing ever been done, to your knowledge,  
25 within The Port Authority?

1 R. CHIRICOLO

2 MR. SOUTHWELL: Can you  
3 just be more specific about the  
4 type of analysis you're referring  
5 to? You're asking a very broad  
6 question. It's not really clear.

7 Q You've just described an analysis  
8 for me that was done in connection with  
9 Mr. Fabiano's affidavit, right?

10 A Right.

11 Q Has that type of analysis ever  
12 been done on another occasion, to your  
13 knowledge, in The Port Authority prior to the  
14 2011 toll increase?

15 A I don't know.

16 Q Based on your knowledge at The  
17 Port Authority, are ITN revenues at times  
18 transferred to Port Authority reserve funds?

19 A That question doesn't make sense  
20 to me.

21 Q Why does that not make sense?

22 A Because we don't record the  
23 revenues in a manner that would be able to  
24 flow into the reserve funds and track that  
25 back directly to an ITN revenue.

1 R. CHIRICOLO

2 Q Did you perform an analysis at the  
3 request of the CFO of The Port Authority  
4 concerning a possible toll increase?

5 MR. SOUTHWELL: You can  
6 answer.

7 A We perform analyses on various  
8 scenarios. So I would not characterize it as  
9 analyses for a toll and fare increase, I would  
10 characterize it as scenario analyses that  
11 would take into account a potential increase  
12 at some point in time.

13 Q Was it several different scenarios  
14 you analyzed?

15 A There could have been several  
16 different scenarios.

17 Q Did those scenarios include an  
18 analysis of ITN revenues and expenditures?

19 A Those analyses were on an agency  
20 basis.

21 Q What does that mean, that the  
22 analyses were on an agency basis?

23 A That means that we look at the  
24 financial projections of all of the revenues  
25 of the Authority.

1 R. CHIRICOLO

2 ahead.

3 A Amongst the assumptions that we  
4 look at in the forecast, a toll and fare  
5 increase could be one of those assumptions.

6 Q Would this have been happening  
7 generally in the summer of 2011, these  
8 analyses, or at some other time?

9 A They would have been before the  
10 August approval.

11 Q When you were performing these  
12 analyses, what was the amount of the ten-year  
13 capital plan that was being projected?

14 A The amount of the ten-year plan at  
15 any given time varies. My recollection is  
16 that it was in the \$20 billion range for ten  
17 years.

18 Q At the time the toll increase was  
19 announced on August 5, 2011, was the capital  
20 plan that was referred to by Port Authority a  
21 \$33 billion capital plan?

22 A \$33 billion capital plan would  
23 have taken into account the full cost to  
24 complete projects, which could have been  
25 beyond the ten-year period.

1 R. CHIRICOLO

2 you see that?

3 A Yes.

4 Q What is CIF?

5 A CIF stands for capital  
6 infrastructure fund.

7 Q What is the capital infrastructure  
8 fund?

9 A It was a fund that was authorized  
10 by the board which reallocated the remaining  
11 Port Authority commitment to the ARC tunnel.

12 MR. MULRY: I'd ask that  
13 this be marked as Exhibit 5.

14 (Plaintiff's Exhibit 5,  
15 Summary and project listings,  
16 marked for identification, as of  
17 this date.)

18 Q After you review that, my question  
19 will be: What is this document?

20 A (Witness perusing.)

21 This document is a summary and  
22 some project listings of the accumulation of  
23 the capital needs from the line departments  
24 that they were asked to provide in the capital  
25 planning guidance memos.



1 R. CHIRICOLA

2 A The project listings would have  
3 been part of a larger document for the entire  
4 agency.

5 Q What about the first page; was  
6 that type of document prepared before the toll  
7 increase?

8 A A document similar to this would  
9 have been prepared for the entire agency.

10 Q To understand your answer, do you  
11 mean that the information that's on this page  
12 would have been found in a larger document  
13 with more information included?

14 A Yes.

15 Q Does this first page represent a  
16 preliminary capital plan for the ITN?

17 A It represents an extract of  
18 capital projects that were included in the  
19 agency's preliminary 2011 to 2020 capital  
20 plan.

21 Q Has there ever been a preliminary  
22 capital plan for the ITN?

23 A That's a question that doesn't  
24 make sense to me.

25 Q Why doesn't that make sense?

1 R. CHIRICOLA

2 A Because we prepare the capital  
3 plan for the entire agency and all of the  
4 facilities within the agency. Within those  
5 facilities are the facilities that make up the  
6 Interstate Transportation Network.

7 So we have an agency capital plan.  
8 This is just an extract of the projects in  
9 that plan for the facilities that make up the  
10 Interstate Transportation Network.

11 Q If you could look at AAA 128.

12 A Yes.

13 Q Towards the bottom part of that  
14 chart there's an entry for the capital  
15 infrastructure fund?

16 A Yes.

17 Q Why is that included within this  
18 grouping of documents for the ITN?

19 A Capital infrastructure fund was  
20 the residual balance of The Port Authority's  
21 commitment to the ARC tunnel. The ARC tunnel  
22 commitment would have been included as part of  
23 the Interstate Transportation Network, so we  
24 continued to include the residual commitment  
25 with the Interstate Transportation Network,

1 R. CHIRICOLO

2 because it was authorized as the capital  
3 infrastructure fund --

4 Q Who need the determination --

5 MR. SOUTHWELL: She wasn't  
6 done.

7 MR. MULRY: I'm sorry.

8 A -- for infrastructure projects.

9 Q Who made the determination to  
10 include the CIF within the ITN?

11 A I'm not sure.

12 Q Does that represent an ongoing  
13 project, the CIF?

14 A This capital infrastructure line  
15 represents the balance of the authorized  
16 capital infrastructure fund that has not yet  
17 been assigned to an infrastructure project.

18 Q The ARC tunnel is not an ongoing  
19 project; is that correct or not correct?

20 A That is correct.

21 Q When did the ARC project end?

22 A I don't recall exactly when it was  
23 cancelled.

24 MR. MULRY: I ask this to  
25 be mark as Plaintiff's Exhibit 8.

1 R. CHIRICOLO

2 Plaintiff's First Request For  
3 Production of Documents which is  
4 dated May 10, 2012, and which, in  
5 fact, has been served on  
6 plaintiffs.

7 Q Just so the record's clear,  
8 Ms. Chiricolo, that's your recollection, also?

9 A Yes.

10 Q Thank you.

11 If you could just go back to  
12 Exhibit 7. If you could look to page AAA 128,  
13 please, towards the bottom is the capital  
14 infrastructure fund?

15 A Yes.

16 Q Which you had said related to the  
17 ARC project, correct? Why don't you just  
18 again say how that relates to the ARC project.

19 A The capital infrastructure fund  
20 was the balance of The Port Authority's  
21 commitment to the ARC tunnel project.

22 Q Now, the entries going across,  
23 there's 100,000, 2011, and then there are  
24 other figures going across in various years,  
25 with a total for the ten-year period of

1 R. CHIRICOLO

2 \$995,500. Do you see that?

3 A Yes.

4 Q What does that represent?

5 A At the time that the capital  
6 infrastructure fund was authorized, the  
7 balance remaining was \$2.7 billion,  
8 \$1.8 billion of that amount was authorized in  
9 conjunction with three projects that are  
10 listed within the project listing, and a  
11 balance of \$995,000 was the amount that has  
12 not yet been allocated to a specific project.

13 Q Those amounts, is that money that  
14 The Port Authority has but is unallocated now  
15 because the ARC project is going forward, or  
16 is it something else?

17 A It's the balance of the money that  
18 was committed for the ARC project that became  
19 authorized when the ARC tunnel was cancelled  
20 for other infrastructure projects.  
21 \$1.8 billion has been authorized for specific  
22 projects, and \$995 million remains in the  
23 capital infrastructure fund, not yet  
24 authorized to a specific project.

25 Q Is than funding that is available

1 R. CHIRICOLO

2 to fund projects that are on this list of  
3 projects if Plaintiff's Exhibit 7?

4 A I don't know what it's going to be  
5 allocated or authorized for.

6 Q Is it correct that if those  
7 dollars, \$995,000, were allocated to projects  
8 that are on the list of projects in  
9 Plaintiff's Exhibit 7, that the total number  
10 would go down by \$995,000; is that correct?

11 A That question is not consistent  
12 with how the \$1.8 billion, which has already  
13 been authorized, was authorized to projects.  
14 They were projects that were not previously  
15 included in our capital plan.

16 MR. SOUTHWELL: Could I  
17 just take a two-minute break?

18 MR. MULRY: Sure.

19 (Discussion held off the  
20 record.)

21 Q So the \$1.8 billion that was  
22 allocated, is it correct that that was  
23 allocated to capital projects that were not on  
24 The Port Authority capital plan?

25 A They were authorized for new

1 R. CHIRICOLO

2 projects that were not part of the existing  
3 capital plan.

4 Q The \$995,500 that's on that line  
5 for capital infrastructure fund, is it  
6 required that those monies be allocated to new  
7 projects that are not on the current capital  
8 plan?

9 A It's the balance of an  
10 authorization from the board that took The  
11 Port Authority's remaining commitment from ARC  
12 and authorized it for the use of  
13 infrastructure projects. The first use of  
14 that capital infrastructure fund was for three  
15 projects that were not previously part of The  
16 Port Authority's capital plan. For capital  
17 planning purposes, we carry the remaining  
18 authorized commitment here, awaiting what  
19 projects those would be authorized for.

20 Q Does the board authorization  
21 require that this money be used for new  
22 projects that are not on the capital plan?

23 MR. SOUTHWELL: Objection  
24 to form. It's not actually money.  
25 You're confusing it. It's an

1 R. CHIRICOLO

2 Q Why is that not your sense?

3 A Because the first use of the  
4 capital infrastructure fund was not to fund  
5 other Port Authority projects.

6 Q Is there any reason for your  
7 drawing that conclusion other than the first  
8 \$1.8 billion was allocated to new projects?

9 A I also drew that conclusion from  
10 the fact that we had a separate board  
11 authorization that covered that balance.

12 Q Were these Port Authority projects  
13 that the \$1.8 billion was allocated to?

14 A They were not projects that  
15 existed in The Port Authority's capital plan  
16 previously.

17 Q What were the projects?

18 A The projects are capital  
19 infrastructure improvements on the Pulaski  
20 Skyway, the Whitpenn Bridge, and a new road on  
21 Route 1 and 9.

22 Q Were you involved in planning the  
23 information that would be given to The Port  
24 Authority commissioners to consider on  
25 determining whether to approve a toll



1 R. CHIRICOLO

2 A I don't know.

3 Q What materials were prepared by  
4 you or your group that were given to the  
5 commissioners for their consideration on  
6 approving a toll increase?

7 A Our financial forecast, summaries  
8 would have been information that would have  
9 been provided to the CFO.

10 Q Is your group responsible for the  
11 capital plan that was being presented to the  
12 commissioners in August of 2011?

13 A We were coordinating the capital  
14 plan listings. As I said, we work in  
15 conjunction with the other departments in The  
16 Port Authority on capital planning.

17 Q The toll increase was approved by  
18 the commissioners on August 19, 2011. Do you  
19 know if that's correct?

20 A It sounds correct.

21 Q The proposed toll increase was  
22 publicly announced two weeks earlier, on  
23 August 5th. Does that also sound correct?

24 A Yes, that sounds correct.

25 Q When the toll increase was

1 R. CHIRICOLA

2 announced on August 5, 2011, what was also  
3 announced was a \$33 billion capital plan for  
4 the next ten years; is that correct?

5 A That sounds correct.

6 Q Now, you're also aware that the  
7 governors of New York and New Jersey wrote a  
8 letter to the commissioners dated August 18,  
9 2011 proposing a smaller toll increase than  
10 was originally announced.

11 A I'm not aware of that letter.

12 Q Between August 5th and  
13 August 19th, the proposed capital plan went  
14 from \$33 billion to \$25 billion. Is that your  
15 understanding?

16 A That is my understanding.  
17 However, the \$33 billion I believe went beyond  
18 the ten-year period.

19 Q What's your understanding as to  
20 how long the \$33 billion capital plan was  
21 designed to cover?

22 A From a forecasting function, it  
23 was forecasted over a ten-year period.  
24 However, some of the projects within that  
25 plan, while started during that ten-year

1 R. CHIRICOLO

2 a reference to a \$33 billion ten-year capital  
3 plan, do you recall seeing that press release  
4 or news articles about the toll increase?

5 A Yes.

6 Q The \$33 billion capital plan, did  
7 that seem right to you at the time?

8 A I was familiar with the number.

9 Q What was the number for; was that  
10 the number for a ten-year capital plan of  
11 money that would be spent in ten years or  
12 something else?

13 A My recollection is that it was the  
14 total of the projects in the ten-year plan, as  
15 well as the cost to complete those projects if  
16 any of those projects extended beyond the ten  
17 year.

18 Q How long did that period stretch  
19 out? When would the last project that was in  
20 the ten-year capital plan be completed?

21 A I don't recall.

22 Q Was there a document that was the  
23 \$33 billion capital plan?

24 A We would have had a listing.

25 Q What did the capital plan, as of

1 R. CHIRICOLO  
2 financials at the time when we have bond  
3 offerings, which is how we access the credit  
4 markets. So that would be my presumption by  
5 that phrase.

6 MR. MULRY: We would just  
7 call again for production of  
8 anything that was attached to this  
9 document. The last paragraph  
10 refers to an attached document  
11 that was not produced.

12 MR. SOUTHWELL: We will  
13 review that and your other  
14 requests.

15 MR. MULRY: This will be  
16 Plaintiff's Exhibit 14.

17 (Plaintiff's Exhibit 14,  
18 Affidavit of Michael Fabiano, with  
19 attachments, marked for  
20 identification, as of this date.)

21 Q If we can go to paragraph five,  
22 which is on page three of that exhibit,  
23 paragraph five refers to a -- and again,  
24 Plaintiff's Exhibit 14 is an affidavit of  
25 Michael Fabiano with exhibits that was filed

1 R. CHIRICOLO

2 in this action. Have you read this document  
3 before?

4 A Yes.

5 Q Did you review it at or around the  
6 time it was filed?

7 A I reviewed portions of it.

8 Q Were you involved in the  
9 preparation of parts of this document or the  
10 exhibits?

11 A My staff was involved in  
12 preparation of some of these exhibits.

13 Q What did your staff do?

14 A For Exhibit A, my staff extracted  
15 the project listings for the facilities that  
16 would comprise the ITN. My staff prepared  
17 Exhibits B through E.

18 Q I'm sorry, E --

19 A B through E.

20 Q B through E. Did you review  
21 Exhibits A through E after your staff prepared  
22 them?

23 A Yes.

24 Q If you could did back to paragraph  
25 five, paragraph five refers to the \$10.786

1 R. CHIRICOLO

2 billion preliminary capital plan for the ITN  
3 facilities for 2011 to 2020. Do you see that?

4 A Yes.

5 Q Now, is it correct that there was  
6 not a separate preliminary capital plan for  
7 the ITN?

8 MR. SOUTHWELL: Objection  
9 to form.

10 A We extracted the information for  
11 Exhibit A from the project listing from the  
12 agency's preliminary capital plan.

13 Q What's referred to here is an  
14 extraction of ITN projects from The Port  
15 Authority preliminary capital plan; is that  
16 correct?

17 A An extraction of the projects for  
18 the facilities that would comprise the ITN.

19 Q Do you know if anything was  
20 reduced on the ITN portion of the preliminary  
21 capital plan for The Port Authority between  
22 August 5th and August 19th?

23 A Yes.

24 Q What was changed?

25 A The project for a bus garage was

1 R. CHIRICOLO

2 and their preparation.

3 MR. SOUTHWELL: We will  
4 consider that request,  
5 particularly in light of potential  
6 privilege.

7 Q When were you or Mr. Shannon  
8 requested to prepare the exhibits to the  
9 Fabiano affidavit?

10 A After the toll and fare increase  
11 was approved.

12 Q Is Exhibit B a document that you  
13 or anyone in your group ever had cause to  
14 prepare prior to the toll increase?

15 A I don't know.

16 MR. MULRY: This would be  
17 Plaintiff's Exhibit 16.

18 (Plaintiff's Exhibit 16,  
19 Navigant Phase II Report, marked  
20 for identification, as of this  
21 date.)

22 Q Are you familiar with this  
23 document?

24 A Yes.

25 Q What is Plaintiff's Exhibit 16?

1 R. CHIRICOLO

2 for its use in preparing this table? What did  
3 you provide to Navigant for Navigant's use in  
4 preparing this table?

5 A I provided the capital project  
6 listings that Navigant extracted the tunnel,  
7 bridges and terminals facilities from in order  
8 to develop this table.

9 Q Do the numbers in table 16 differ  
10 from the numbers that are in The Port  
11 Authority's capital plan for TB&T?

12 A The 2011 to 2020 preliminary  
13 capital plan included a portion of the  
14 projects in table 16.

15 Q I'm sorry, into? I missed that  
16 last part.

17 A Included a portion of the projects  
18 in table 16. Navigant also included the cost  
19 for those projects that extended beyond 2020,  
20 as well as projects that were identified  
21 through the capital planning process that were  
22 not part of the preliminary 2011 to 2020 plan.

23 Q Read footnote one. That says,  
24 "Raising the Bayonne Bridge is for the benefit  
25 of Port Commerce." What does that sentence



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2 mean, in your understanding?

3 A My understanding is that there was  
4 a navigational clearance issue at the Bayonne  
5 Bridge for anticipated larger container ships  
6 that would be using those waterways in the  
7 future. So an analysis was done as part of  
8 the capital planning process to examine  
9 alternatives to deal with that problem. The  
10 alternative that was selected was to raise the  
11 roadway deck in order to provide sufficient  
12 navigational clearance for the larger ships.

13 Q Does The Port Authority consider  
14 the expenses of the Bayonne Bridge to be part  
15 of the ITN?

16 A The expenses of the Bayonne Bridge  
17 are one of the facilities that we consider as  
18 part of the ITN network.

19 Q Is Port Commerce part of the ITN?

20 A We do not consider Port Commerce  
21 part of the ITN.

22 Q If you go to page 45, which is AAA  
23 2071, table 19. Were you involved in  
24 providing information for table 19 in the  
25 Navigant Report?

1 R. CHIRICOLO

2 Q What did you provide to  
3 Rothschild?

4 A We provided revenues, expenses,  
5 capital expenditures for the entire agency,  
6 from which they extracted information for this  
7 table 13.

8 Q Is there anything that The Port  
9 Authority includes in its financial forecast  
10 for the ITN is that Rothschild does not  
11 include in table 13?

12 A You're saying our forecast for the  
13 ITN?

14 Q Yes.

15 A Our forecast is prepared for the  
16 entire agency, and then you could extract out  
17 information on the projected revenues,  
18 expenses and capitals related to those  
19 facilities that comprise the ITN.

20 Q Does The Port Authority prepare a  
21 forecast for the ITN separate from the entire  
22 agency?

23 A We prepare our forecast for the  
24 entire agency.

25 Q And you do not prepare a forecast

1 R. CHIRICOLO

2 for the individual ITN itself?

3 A We prepare for the entire agency.

4 Q Do you know if table 13 assumes  
5 debt or cash financing or a mix of debt and  
6 cash?

7 A Table 13 does not indicate whether  
8 it's assuming any debt or financing.

9 Q Do you have an understanding from  
10 discussions with Rothschild or from some other  
11 source as to whether table 13 is assuming cash  
12 or debt financing or some mix of cash and  
13 debt?

14 A I don't know.

15 Q Look at the last column, the last  
16 line, which is net revenues less capital  
17 expenditures; is that correct?

18 A Net revenues less capital  
19 expenditures.

20 Q What does that line mean to you?

21 A That line is taking the revenues,  
22 less the, in this case, operating maintenance  
23 expenses. Rothschild is actually missing a  
24 component of expenses here; they're missing  
25 the expenses that are allocated. They are